



ELECTROSECURITY CORPORATION

September 16, 1996

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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M. Street, N.W.
Washington, D.C. 20554

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Re: CC Docket No. 96-152

Dear Mr. Caton:

I recently have learned that the Federal Communications Commission is considering rules to implement the alarm monitoring provisions of the Telecommunications Act of 1996. As a provider of alarm monitoring services, ElectroSecurity Corporation is vitally interested in CC Docket No. 96-152, which will implement Section 275 of the '96 Act. ElectroSecurity Corporation urges the Commission to interpret Section 275 in the manner intended by Congress and resist Bell Company attempts to reduce the section to a meaningless technical provision.

1. ElectroSecurity Corporation is completely dependent on the local telephone company, Pacific Bell for connection of its alarm monitoring customers to its alarm monitoring center. There is no practical alternative at this time. As a result, ElectroSecurity Corporation is extremely vulnerable to potentially anticompetitive conduct by Pacific Bell.

2. Section 275 provides a 5 year prohibition on Bell Company entry into the alarm business in order to permit local competition to develop that will give alarm monitoring services companies, like ElectroSecurity Corporation, an alternative local network to use. Although local competitors have begun the process of entry into the largest markets, it likely will be years before any of them present a viable alternative to the incumbent Bell Companies.

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3. ElectroSecurity Corporation understands that certain Bell Companies now contend that Section 275 is only a very narrow prohibition. Accordingly, these incumbent monopolists contend that Section 275 allows them immediately to resell alarm monitoring services, or engage in marketing, sales agency, billing and customer inquiry services associated with alarm monitoring services. Moreover, these Bell Companies plan to be compensated for these activities through a percentage of the alarm monitoring revenues. This interpretation of Section 275 will give Pacific Bell all the same opportunities and incentives to discriminate and compete unfairly that it would have had if the 5 year ban did not exist. In other words, it will make the 5 year prohibition meaningless and could have an extremely detrimental impact on ElectroSecurity Corporation.

4. ElectroSecurity Corporation further understands that Ameritech has invented a reading of Section 275 that would subvert the ban on that company's acquisition of other alarm monitoring services for five years. In fact, Ameritech has announced its purchase of the alarm business of Circuit City Stores, and has solicited numerous other companies in an effort to buy them out. If allowed to prevail, this reading of Section 275 will render meaningless the 5 year prohibition on Ameritech's purchase of other alarm monitoring companies. Again, the protections provided to small alarm monitoring businesses by Section 275 will be eliminated.

5. ElectroSecurity Corporation also has learned of still another Bell Company effort to undermine Section 275. This time, U S West contends that it offered services prior to November 30, 1995 which qualify it to participate in the alarm monitoring business in the same way as Ameritech. As with the other Bell Company attempts to escape the provisions of Section 275, it is critical to ElectroSecurity Corporation that this effort not succeed. Enforcement of the provisions of Section 275 for the 5 year probationary period is crucial if local competition is to develop sufficiently to provide alarm companies with alternative sources of local transmission.

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6. ElectroSecurity Corporation believes that the '96 Act represents a congressional compromise between the interests of the alarm monitoring industry's fears of anticompetitive conduct by the Bell Companies and the telephone companies' desire to enter the alarm business. A 5 year prohibition to enable local competition to take root before Bell Company entry seems to balance the interests of the parties fairly. If the recent Bell Company effort succeed in interpreting Section 275 as a narrow, trivial provision, however, the entire intent and effect of the interim protections will be lost.

ElectroSecurity Corporation urges the FCC to reject these Bell Company distortions of Section 275 and implement it in a manner consistent with Congress' intent.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry J. Linder", with a stylized flourish at the end.

Jerry J. Linder
President
ElectroSecurity Corporation